STATE OF ALABAMA ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)	
COMPASS TRADING ENTERPRISES AKA COMPASS TRADING LLC. H.J. "TINY" CLEVELAND, JR.) } }	ADMINISTRATIVE ORDER NO. CD-2008-0002
RESPONDENTS	}	

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, <u>Code of Alabama 1975</u>, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

- 1. COMPASS TRADING ENTERPRISES, AKA COMPASS TRADING, LLC (COMPASS) is an Alabama Corporation formed on January 6, 2004, with an Alabama address of 1310 39th Avenue, East, Tuscaloosa Alabama, 35404.
- 2 H.J. "TINY" CLEVELAND, JR, (CLEVELAND) at all times relevant, was the registered agent of COMPASS TRADING ENTERPRISES, with a home address of 2586 Berkley Hills Drive, Tuscaloosa, Alabama 35404.

STATEMENT OF FACTS

3. On January 6, 2004, COMPASS presented an application for registration as a corporation to the Alabama Secretary of State's Office listing CLEVELAND as the

registered agent with a business address of 1310 39th Avenue East, Tuscaloosa, Alabama, 35404.

- 4. Between September 14, 2005 and September 28, 2005, RESPONDENTS offered and sold Promissory Notes to three Alabama residents in the total amount of \$44,000.
- 5. RESPONDENTS used the funds from the Promissory Notes for investments without disclosing the nature of those investments to the Alabama investors. On January 29, 2007, CLEVELAND admitted in a written statement that he contacted the three investors "about a joint venture in an oil deal" but that when he "found out that the oil deal fell through", he invested the funds in a "money-making deal on the internet from South Africa and Nigeria". CLEVELAND stated that he continued to send money to the money-making deal on the internet until he "realized that this was all a scam". CLEVELAND stated that he is "trying to get money to pay these (investors) back."
- 6. On December 12, 2007, a review of the Commission's registration files disclosed no record of registration for RESPONDENTS as a Dealer, Agent, Investment Advisor, or Investment Advisor Representative.
- 7. On December 12, 2007, a review of the Commission's registration files disclosed no record of registration or exemption from registration in the state of Alabama for the securities, to wit: the Promissory Notes offered and sold by **RESPONDENTS**.

CONCLUSIONS OF LAW

- 8. Section 8-6-2 (10), <u>Code of Alabama 1975</u> includes any note or evidence of indebtedness in the definition of a security. The Promissory Notes sold by **RESPONDENTS** are securities under this statutory definition.
 - 9. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person

to transact business in this state as a dealer or agent for securities unless he is registered under this article. An agent is defined in Section 8-6-2(2) as any individual other than a dealer who represents a dealer or issuer in effecting or attempting to effect sales of securities. CLEVELAND transacted business as a dealer or agent for securities in violation of Section 8-6-3(a).

10. Section 8-6-4, <u>Code of Alabama 1975</u> states: "It is unlawful for any person to offer or sell any security in this state unless it is registered under this article; the security is exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11." The securities offered and sold by **COMPASS** were neither registered nor exempt from registration in Alabama in violation of Section 8-6-4, Code.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under the Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

ACCORDINGLY, IT IS HEREBY ORDERED that COMPASS TRADING ENTERPRISES, AKA COMPASS TRADING, LLC and H.J. "TINY" CLEVELAND, JR, IMMEDIATELY CEASE AND DESIST from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this

2008.

. ___

ALABAMA SECURITIES COMMISSION 770 Washington Avenue, Suite 570 Montgomery, AL. 36130-4700 (334) 242-2984

DV.

1/5

J. RANDALL MCNEILL DEPUTY DIRECTOR

day of